

Government of Canada Securities

CA1
FN
-G51

A Publication of the Department of Finance

January 2004

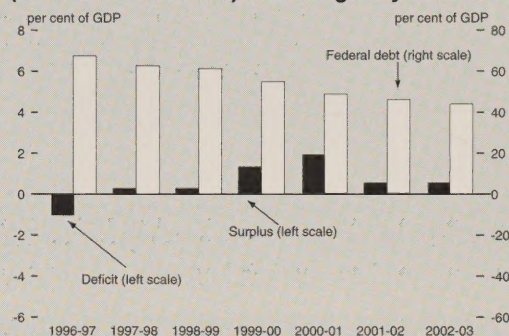
Canadian Economy

Selected Canadian economic statistics

| | 2001 | 2002 | 2003 | | |
|--|------------|------|------|------|-----|
| | | | Q1 | Q2 | Q3 |
| Annualized growth rates | (per cent) | | | | |
| Real gross domestic product | 1.9 | 3.3 | 2.0 | -0.7 | 1.1 |
| Final domestic demand | 3.2 | 2.9 | 3.8 | 4.3 | 5.7 |
| Employment growth | 1.1 | 2.2 | 2.2 | 0.4 | 0.4 |
| Other | | | | | |
| Unemployment rate | 7.2 | 7.7 | 7.4 | 7.7 | 7.9 |
| Current account balance (percentage of GDP) | 2.4 | 2.0 | 2.3 | 1.7 | 2.4 |

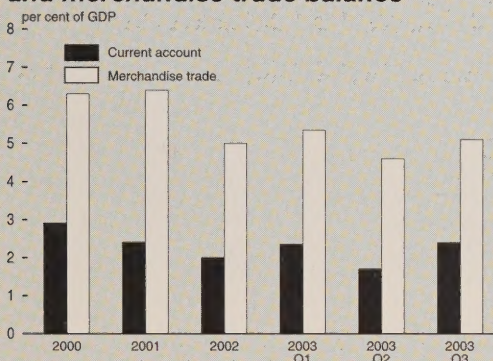
Source: Statistics Canada.

Government of Canada debt (accumulated deficit) and budgetary balance



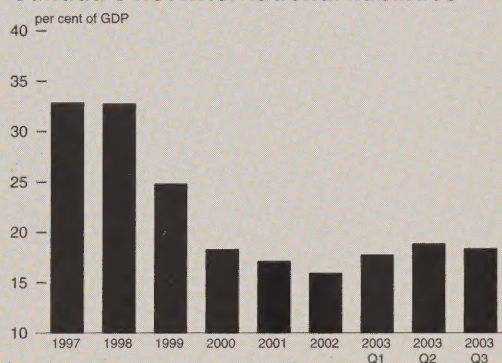
Source: Department of Finance.

Canada's current account balance and merchandise trade balance



Source: Statistics Canada.

Canada's net international liabilities



Source: Statistics Canada.

Upcoming economic data releases of interest

January

December CPI
(January 22)

November GDP
(January 30)

February

January Labour Force Survey
(February 6)

January CPI
(February 20)

December GDP
(February 27)

National Economic and Financial Accounts
October-December 2003
(February 27)

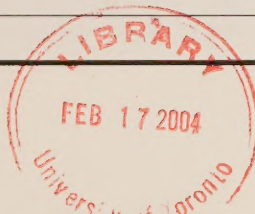
March

February Labour Force Survey
(March 12)

February CPI
(March 18)

January GDP
(March 31)

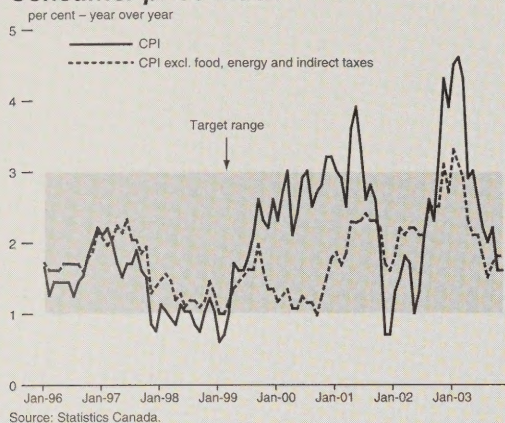
Canada



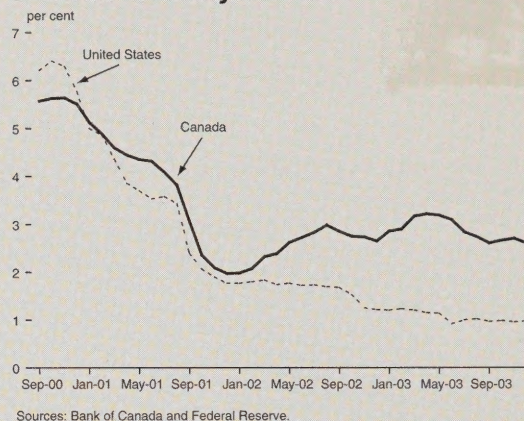
Government of Canada Securities

Canadian Economy

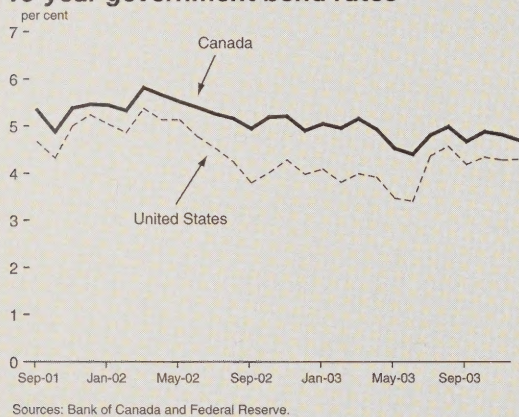
Consumer price index



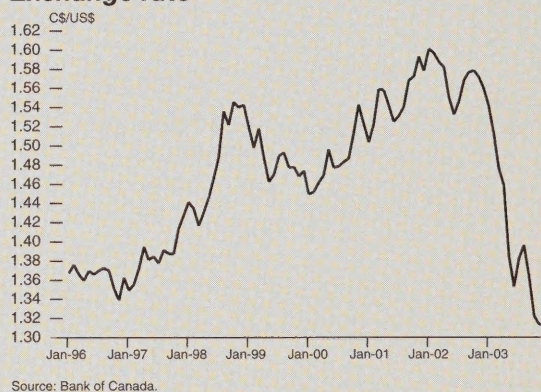
3-month Treasury bill rates



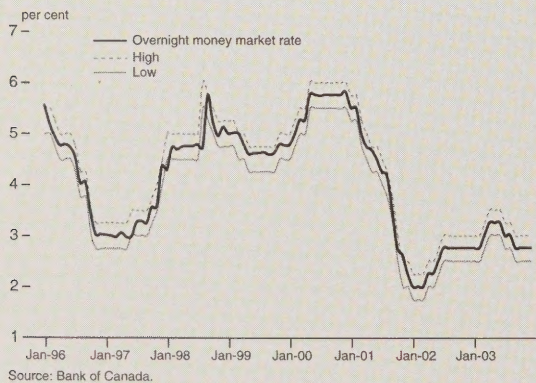
10-year government bond rates



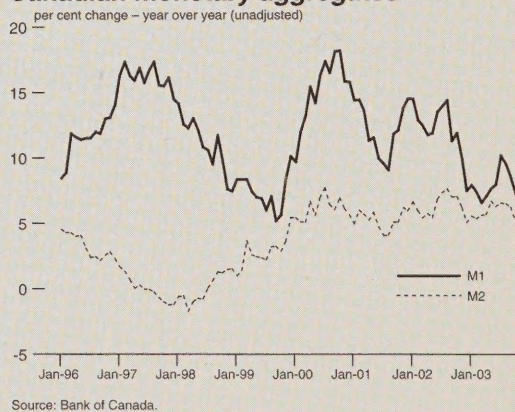
Exchange rate



Overnight money market rate and operating band



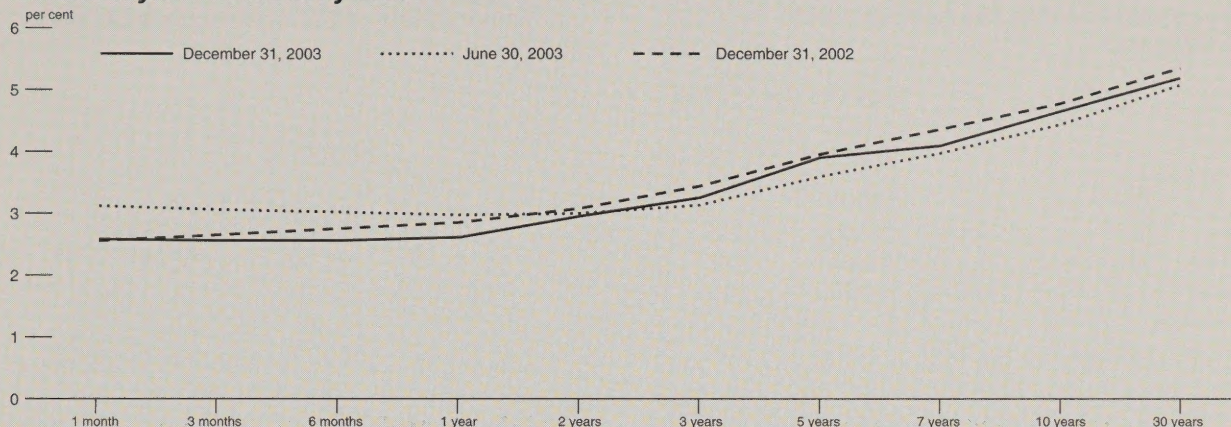
Canadian monetary aggregates



Government of Canada Securities

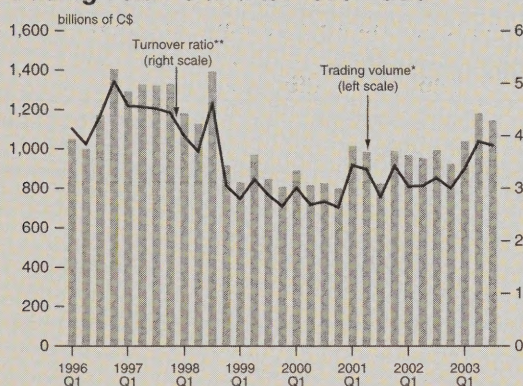
Secondary Market

Canadian yield-to-maturity curve



Source: Bank of Canada.

Government of Canada bonds trading volume and turnover ratio

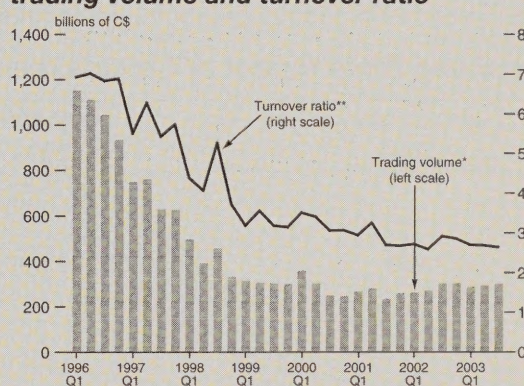


*Trading volume is total trading volume in each quarter.

**Turnover ratio = total trading volume in each quarter/stock.

Source: Bank of Canada.

Government of Canada Treasury bills trading volume and turnover ratio



*Trading volume is total trading volume in each quarter.

**Turnover ratio = total trading volume in each quarter/stock.

Source: Bank of Canada.

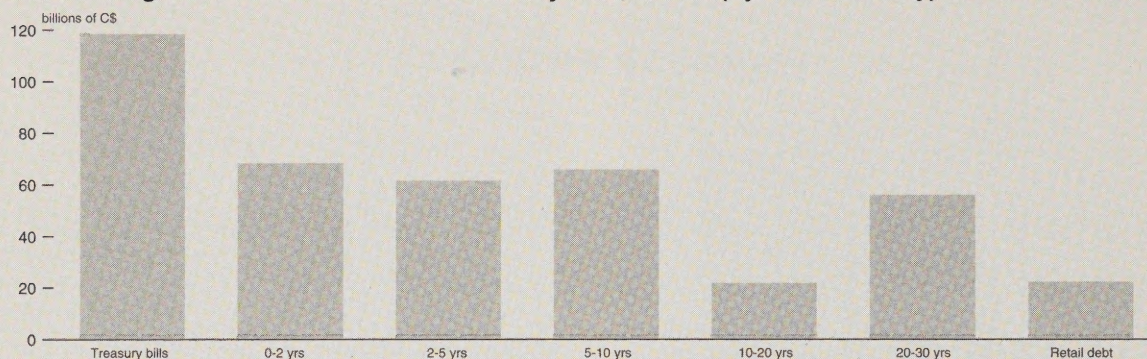
Government securities distributors

- Bank of Montreal (Treasury bills only)
- Beacon Securities Limited
- BMO Nesbitt Burns Inc. (marketable bonds only)
- Canaccord Capital Corp.
- Canadian Imperial Bank of Commerce (Treasury bills only)
- Casgrain & Company Limited
- CIBC World Markets Inc. (marketable bonds only)
- CTI Capital Inc.
- Desjardins Securities
- Deutsche Bank Securities Limited
- Golden Capital Securities Limited
- HSBC Bank Canada
- Laurentian Bank Securities Inc.
- Merrill Lynch Canada Inc.
- J.P. Morgan Securities Canada Inc.
- National Bank Financial Inc.
- Ocean Securities Inc.
- Odium Brown Limited
- RBC Dominion Securities Inc.
- Resolution Capital Inc.
- Scotia Capital Inc.
- Société Générale Valeurs Mobilières Inc.
- The Toronto-Dominion Bank

Government of Canada Securities

Primary Market

Outstanding Government of Canada Treasury bills, bonds (by term maturity) and retail debt



Source: Bank of Canada.

Bonds, real return bonds (RRBs)

Recent Government of Canada bond auction results

| Auction date | Term | Maturity date | Coupon rate | Issue amount | Average price | Average yield | Auction coverage* | Tail** |
|----------------|---------|-------------------|-------------|-----------------------|---------------|---------------|-------------------|----------------|
| | (years) | | (%) | (millions of dollars) | | (%) | | (basis points) |
| Jan. 14, 2004 | 30 | June 1, 2033 | 5.75 | 1,500 | 109.623 | 5.113 | 2.532 | 0.1 |
| Dec. 12, 2003 | 2 | June 1, 2006 | 3 | 3,500 | 99.522 | 3.205 | 2.415 | 0.7 |
| Nov. 26, 2003 | 5 | September 1, 2009 | 4.25 | 2,300 | 99.607 | 4.329 | 2.438 | 0.6 |
| Oct. 15, 2003 | 10 | June 1, 2014 | 5 | 2,400 | 99.615 | 5.048 | 2.21 | 0.5 |
| Sept. 17, 2003 | 2 | December 1, 2005 | 3 | 2,500 | 99.612 | 3.183 | 2.495 | 0.3 |
| Sept. 10, 2003 | 30 | December 1, 2036 | 3*** | 300 | 98.239 | 3.085 | 2.693 | n.a. |

*Coverage is defined as the ratio of total bids at auction to the amount auctioned.

**Tail is defined as the high accepted yield minus the average yield.

***RRB.

Source: Bank of Canada.

Upcoming Government of Canada bond auctions

| Type of issue | Auction date (2004) | Further details of issue (2004) | Dated and delivered (2004) | Amount maturing* |
|-----------------|---------------------|---------------------------------|----------------------------|-----------------------|
| | | | | (millions of dollars) |
| 10-year auction | February 4 | January 29 | February 9 | 0 |
| 5-year auction | February 18 | February 12 | February 23 | 0 |
| 30-year auction | March 3 | February 26 | March 8 | 0 |
| 2-year auction | March 10 | March 4 | March 12 | 0 |

Note: In addition, this quarter eight operations are planned under the Government of Canada bond repurchase program. Four repurchase operations will be held in conjunction with each nominal bond auction, and four pilot switch repurchase operations will take place: one on January 21, 2004 in the 5-year sector, one on February 11, 2004 in the 2-year sector, one on February 25, 2004 in the 30-year sector and one on March 17, 2004 in the 10-year sector. Further details will be released on the Thursday prior to these operations. The target amount for repurchase this quarter is \$3.7 billion.

*Maturity of \$929 million on February 2.

Source: Bank of Canada.

Government of Canada Securities

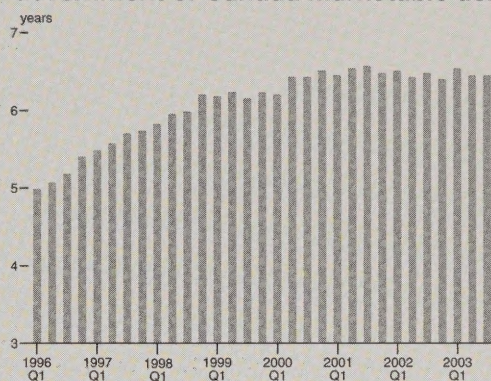
Primary Market

Government of Canada bond market benchmarks

| Term | Maturity | Coupon | Amount outstanding | Yield |
|---------------------|---------------|--------|-----------------------|-----------------|
| | | (%) | (millions of dollars) | (Dec. 31, 2003) |
| Fixed-coupon | | | | |
| 2-year | Dec. 1, 2005 | 3.00 | 5,500 | 2.96 |
| 5-year | Sept. 1, 2008 | 4.25 | 11,400 | 3.91 |
| 10-year | June 1, 2013 | 5.25 | 12,000 | 4.66 |
| 30-year | June 1, 2029 | 5.75 | 13,900 | 5.20 |
| Real return | | | | |
| 30-year | Dec. 1, 2031 | 4.00 | 5,800 | 2.79 |

Source: Department of Finance.

Average term to maturity of Government of Canada marketable debt



Upcoming Government of Canada marketable bond maturities

| January-March 2004 | April-June 2004 | July-September 2004 | October-December 2004 |
|-----------------------|--------------------|------------------------|--------------------------|
| (millions of dollars) | | | |
| 929 | 12,927 | 9,577 | 14,394 |

Outstanding Government of Canada foreign currency debt (as of October 31, 2003)

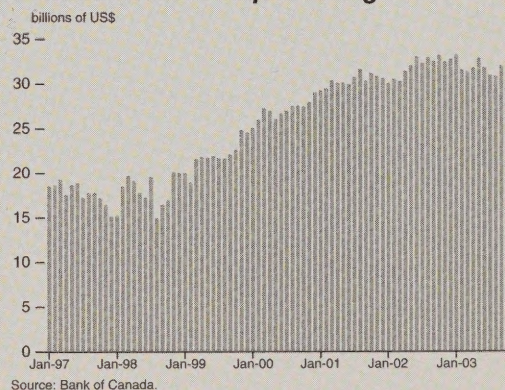
| | (C\$ millions)* |
|--|-----------------|
| Canada bills | 2,360 |
| Canada notes | 1,200 |
| Outstanding under EMTN program | 2,976 |
| 6% US\$ bonds maturing November 30, 2004 | 2,637 |
| 6% US\$ bonds maturing July 21, 2005 | 1,978 |
| 6% US\$ bonds maturing August 28, 2006 | 1,319 |
| 6% NZ\$ bonds maturing October 3, 2007 | 404 |
| 4% EUR bonds maturing July 7, 2008** | 3,133 |
| 5% US\$ bonds maturing November 5, 2008 | 3,297 |

*At par value, adjusted for exchange rates as of October 31, 2003.

**Original issue in Deutsche Marks was redenominated into euro on February 19, 1999.

Source: Bank of Canada.

Canada's level of liquid foreign reserves



Government of Canada Securities

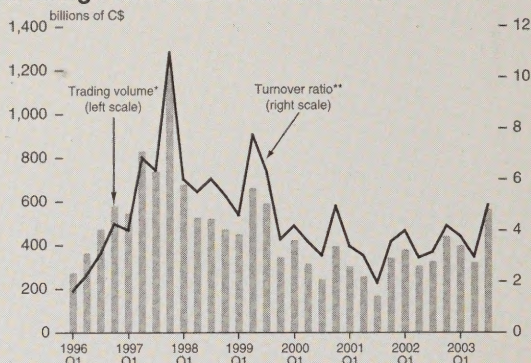
Secondary Market

Government of Canada bond repos trading volume and turnover ratio



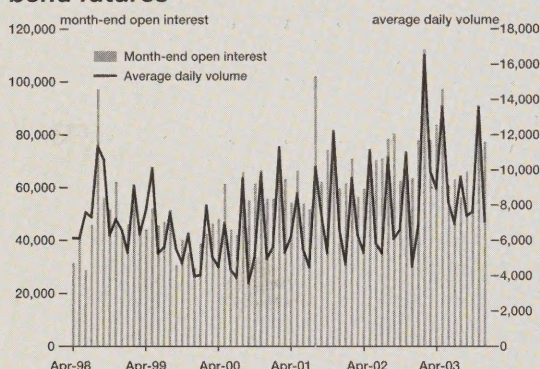
*Trading volume is total trading volume in each quarter.
 **Turnover ratio = total trading volume in each quarter/stock.
 Source: Bank of Canada.

Government of Canada Treasury bill repos trading volume and turnover ratio



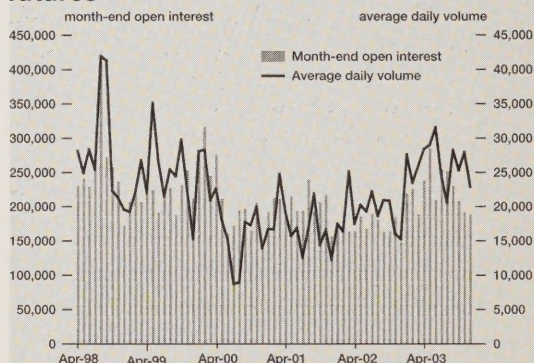
*Trading volume is total trading volume in each quarter.
 **Turnover ratio = total trading volume in each quarter/stock.
 Source: Bank of Canada.

10-year Government of Canada bond futures



Source: The Montreal Exchange.

3-month bankers acceptance futures



Source: The Montreal Exchange.

Government of Canada long-term credit ratings

| | Standard & Poor's Current | Moody's Investors Service Current | Dominion Bond Rating Service Current |
|----------------------|---------------------------------|---|--|
| Domestic debt | AAA | Aaa | AAA |
| – Trend | Stable | Stable | Stable |
| Foreign debt | AAA | Aaa | AAA |
| – Trend | Stable | Stable | Stable |

This publication is also available on the Internet at www.fin.gc.ca.
 Except as noted, the information in *Government of Canada Securities* is based upon data available as of January 5, 2004.
 For further information, contact Brian Dell at (613) 992-6231.
 For additional copies or subscription inquiries, please contact the Distribution Centre at (613) 995-2855.

Ce document est également disponible en français.



Department of Finance
Canada

Ministère des Finances
Canada

